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1. The DDR government has agreed to purchase from the Soviet-owned companies (SAGs) that part of their production which is not delivered to the USSR. Formerly nearly all of the production of the SAGs went to Russia, but over the past year, the percentage of goods shipped there has become smaller and smaller. The SAGs have at various times sold to the DDR trading organizations large quantities of manufactured goods and have often exerted undue pressure to unload this merchandise.
2. It appears that an agreement has now been made between the Main Administration for Soviet Assets in Germany and the DDR State Planning Commission for the purchase of the SAG product. On the DDR side, Deputy Minister-President and Head of the State Planning Commission, Heinrich Rau, directed the negotiations. Rau's office denies that the agreement was signed, but has sent the text of the agreement to the various DHZ headquarters (trading centrals) with instructions to act upon it. From the Soviet side, word has gone out that the agreement has indeed been signed. Thus, the director, (fnu) KODIKHOV, of SAG Transmash has told the director of the DHZ Machine and Vehicle Construction that the agreement was in effect.
3. Goods waiting to be purchased or at present in production and for sale to the DDR, are valued at 800,000,000 east marks. It is estimated that purchases for 1952 will amount to about one billion marks. The DDR admits that the domestic economy cannot under present circumstances absorb this volume of goods, and the outlook for exporting much of it is not bright. The DHZs do not have liquid funds to cover anticipated purchases and can only obtain short-term five percent (annual rate) loans from the Deutsche Notenbank on inventories with an assured turn-over within 90 days. The SAGs require cash upon delivery and will reap a handsome profit on each transaction.

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